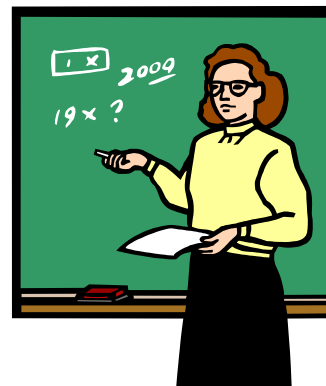
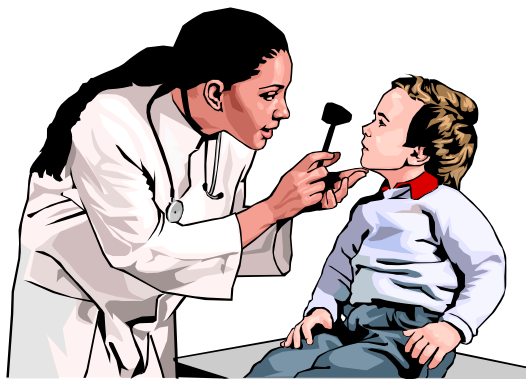


The Economic Contribution of the Nonprofit Sector in Missouri



May 2002

******ABOUT MERIC******

The Missouri Economic Research and Information Center (MERIC) at the Missouri Department of Economic Development provides comprehensive analyses of Missouri's socioeconomic environment at the local, regional and state levels. To achieve this, MERIC employs a wide array of analysis tools, which include econometric models, geographic information systems and advanced statistical methods. On-going projects at MERIC include targeted development, economic and social impact assessments, industry and occupational analyses, layoff analyses, and information on Missouri's demographic and economic trends. Coupled with its analysis capability, MERIC is the U.S. Department of Labor affiliate that maintains a comprehensive labor market database for Missouri. MERIC has current information on employment/unemployment, occupations, wages, layoffs, labor availability, and a variety of other information designed to help understand labor market conditions in the state.

In addition, MERIC has developed an outreach infrastructure which includes a comprehensive web site, e-mail distribution list and monthly newsletter. MERIC's mission is to provide value-added research with a customer focus, which means offering accurate, relevant and timely information to decision makers and the public to facilitate a better understanding of Missouri's socioeconomic environment. Ultimately, MERIC and the rest of the Department of Economic Development strive to make Missouri the best place to live, work, vacation and conduct business.

******ABOUT CAREER CONNECTIONS******

Career Connections is a library of career resources being developed by MERIC. The library will include Employment Projections, local occupational employment and wage estimates, occupational profiles, information on occupational skills and training, links to useful web-sites, and other products related to careers and career exploration. Products to look for in the future include a demand occupations publication, a high-paying occupations study, and an occupational licensing publication, as well as new products that will be produced in response to Workforce Investment customer demand.

For more information, visit MERIC on-line at

www.MissouriEconomy.org

Key Findings

The Nonprofit sector –hospitals, private colleges and universities, nursing and personal care facilities, residential care facilities, individual and family social services providers, and many other industries - is a major economic force in Missouri.

The nonprofit sector in Missouri is quite large, it accounts for 8.6 percent of all employment and 7.9 percent of all payroll dollars.

Employment is not concentrated in any one part of the state, but is distributed throughout with some pockets of high concentration.

More than half of the state's nonprofit employment is found in healthcare. Another 28 percent is found in education and social services.

Wages in the nonprofit sector are similar to or higher than those of the for-profit sector in industries where there is a large concentration of employment across both sectors.

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Overview

This report presents interesting information about the size and distribution of the nonprofit sector in the state of Missouri during fiscal year 2001 (July 2000 through June 2001). It uses data from the employer's quarterly wage and contribution report, which the state compiles under the national ES-202 program coordinated by the U.S. Department of Labor, Bureau of Labor Statistics as part of the Unemployment Insurance program. Under federal law, all nonprofit places of employment with four or more employees are required to complete the quarterly surveys and to either be covered by the federal Unemployment Insurance system or make other arrangements to provide unemployment coverage to laid-off workers. The state of Missouri requires coverage of all employers with one or more workers. The only major exemption is religious congregations, which are not required to take part in the unemployment insurance system.

Employers examined in this report include firms that are registered as 501(c)(3) with the Internal Revenue Service. This includes private, not-for-profit hospitals, clinics, social service agencies, daycare centers, museums, art galleries, theaters, and many more types of organizations.

For several years, Johns Hopkins University has produced a paid series of reports about the size and distribution of employment in the private nonprofit sector in the United States. These reports have been a result of collaboration between the Center for Civil Society Studies at the university, state offices of employment security, and state nonprofit associations. One of the major sources of input to the project is the federal-state cooperative ES-202 data produced as part of the Unemployment Insurance program. The data collection is coordinated by the U.S. Department of Labor's Bureau of Labor Statistics and produced in this state by the Missouri Economic Research & Information Center (MERIC), ES-202 unit.

West Virginia Nonprofit Employment, by Sarah Dewees and Lester M. Salamon (Baltimore: Johns Hopkins Center for Civil Society Studies, April 2001) was the prototype on which the attached study was based. These researchers have also done studies for the states of California, Illinois, Louisiana, Maryland, and South Carolina. They plan to work with other states in the country to obtain ES-202 data and then develop similar reports.

Good use has been made of these reports in states for which they have been prepared. MERIC decided to replicate their approach for use here in Missouri. Most of the measures used in the original studies were easily replicated. For those that weren't, other, meaningful measures are presented here.

Methodology

Missouri nonprofit firms were identified by matching the Federal Employer Identification Numbers (FEINs) of firms in the Missouri ES-202 system with FEINs of firms that have registered with the Internal Revenue Service (IRS) for tax-exempt status. Missouri's tax-exempt firms were identified using the IRS's Exempt Organization Master File (EOMF), which is a listing of all organizations exempt from taxation under section 501(c)(3) of the Internal Revenue code. The file is cumulative; information on new firms is added on an ongoing basis and an effort is made to delete obsolete records. The file includes name, address, and zip code of the organization, and the Federal Employer Identification Number. By matching these FEINs from the EOMF with those from the ES-202 data set, it is possible to identify all nonprofits in the state. The matches include tax-exempt organizations such as social clubs, trade associations, and civic organizations in addition to the "charitable" organizations typically expected to be included.

There were more than 32,000 Federal Employer Identification Numbers in the Exempt Organization Master File for Missouri. Many of these were scholarship and trust funds, Parent-Teacher Organizations (PTOs), cemetery districts, and other organizations that either had no employees, or were not covered. To be "covered" under Missouri's Unemployment Insurance (UI) law, and therefore appear within the ES-202 data set, an employer must have at least one paid employee and pay wages of at least \$1,500 during the year. Principal exemptions from the ES-202 are self-employed and unpaid family workers, religious organizations, railroad workers, small agriculture concerns, domestic (household) workers, and state and local government elected officials. In terms of nonprofit employment, the exemption of religious organizations is significant. Some may choose to be covered by the UI program, but the level of non-coverage is unknown and existing employment could be quite large.

Upon comparing the FEINs from the Master File with the ES-202 universe file, 6,162 employing units in Missouri were identified as being tax-exempt with "covered employees." These firms will be identified in this report as "nonprofit". They include some employers which may be classified as government institutions in the state ES-202 system, such as public hospitals and community action agencies. All other firms are classified as "for profit." *(One specific case can be found in the comparison of average weekly wages for specific industries. The nonprofit figures for education include only those firms that meet the IRS/ES-202 match criteria. The for-profit figures include all other employers-some of which might be state colleges and universities and/or local school districts.)*

Data for the study are from fiscal year 2001 (July 2000 through June 2001).

Detailed Findings

The Nonprofit sector –hospitals, private colleges and universities, nursing and personal care facilities, residential care facilities, individual and family social services providers, and many other industries - is a major economic force in Missouri.

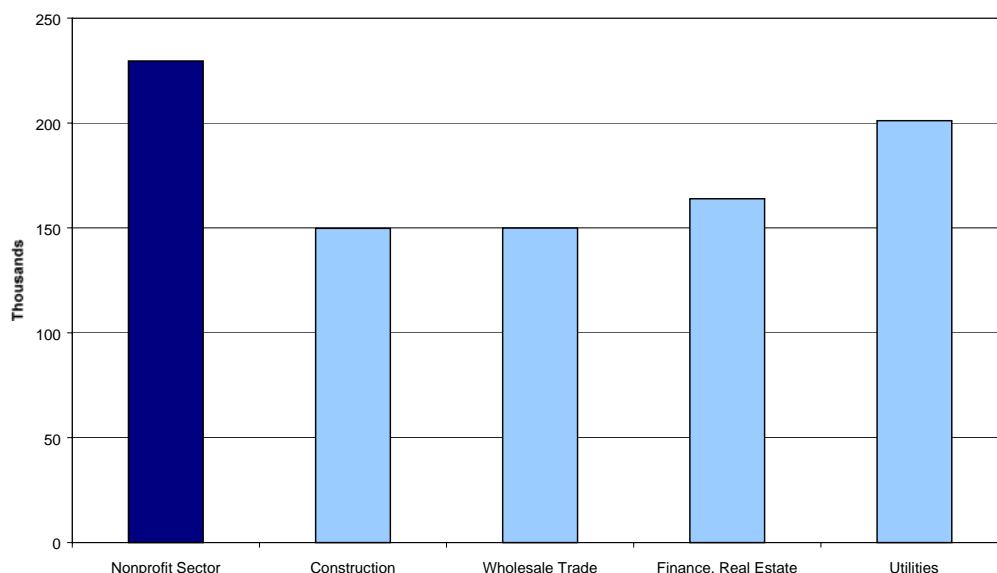
Employment

Nonprofit 501(c)(3) organizations with one or more worker(s) employed almost 230,000 workers in Missouri during fiscal year 2001 (July 2000 through June 2001). This represents 8.6 percent of the state's workforce, or about one out of every 12 workers in Missouri.

Only four industry divisions were larger than the Nonprofit sector, namely manufacturing, retail trade, services, and public administration. Figure 1 shows that the nonprofit sector employed:

- Fifty-three percent more people than both the construction division (149,786 paid workers), and the wholesale trade division (149,859 paid workers);
- Forty percent more people than the finance, insurance, and real estate division (163,907 paid workers); and
- Fourteen percent more workers than the transportation, communications, and public utilities industries (201,122 paid workers).

Figure 1: Employment in Missouri Nonprofit Sector in Comparison to Selected Industries, FY 2001

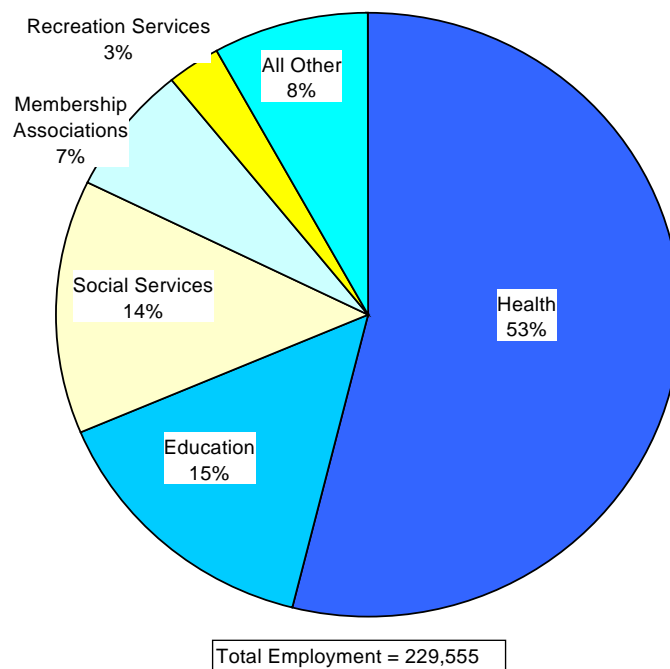


Employment Distribution by Industry

Employment in health care organizations makes up more than half of Missouri's nonprofit employment. Employment in education and social services adds another twenty-eight percent.

- About 54 percent of all nonprofit employment in Missouri is in health care industries. Included are hospitals, nursing and personal care facilities, and clinics.
- Over twenty-eight percent, or more than 1 of 4, nonprofit jobs are in education or social services. Private elementary and secondary schools, colleges and universities, individual and family services, job training and related services, child daycare services, and residential care facilities are included in this number.
- Almost 7 percent of nonprofit employment is found in civic and social membership associations. Included are business associations, professional associations, labor unions, and other civic and social organizations.
- Amusement and recreation services account for almost 3 percent of nonprofit jobs. Physical fitness centers, theaters, sports clubs, and other recreational organizations are included in this number.

Figure 2: Distribution of Missouri Nonprofit Employment by Industry



Nonprofit employment is not restricted to any one region of the state. Rather it is distributed throughout the state, as shown in the map below. Percentages range from less than 1 percent in rural McDonald County in extreme southwest Missouri to more than 20% in Polk County also in southwest Missouri. A detailed, county-by-county breakdown of nonprofit employment is available on page 12.

Percent

- Greater than 12.0%
- 8.1 to 12.0
- 4.0 to 8.0
- Less than 4.0%

Missouri

Statewide Percentage = 8.6%

Payroll

Missouri's 229,555 nonprofit employees earned almost \$6.7 billion in wages in fiscal year 2001.

- Nonprofit organizations accounted for nearly 7.9 percent of the state's total payrolls.
- Nonprofit payrolls exceeded those for:

Wholesale trade (\$6.4 billion),

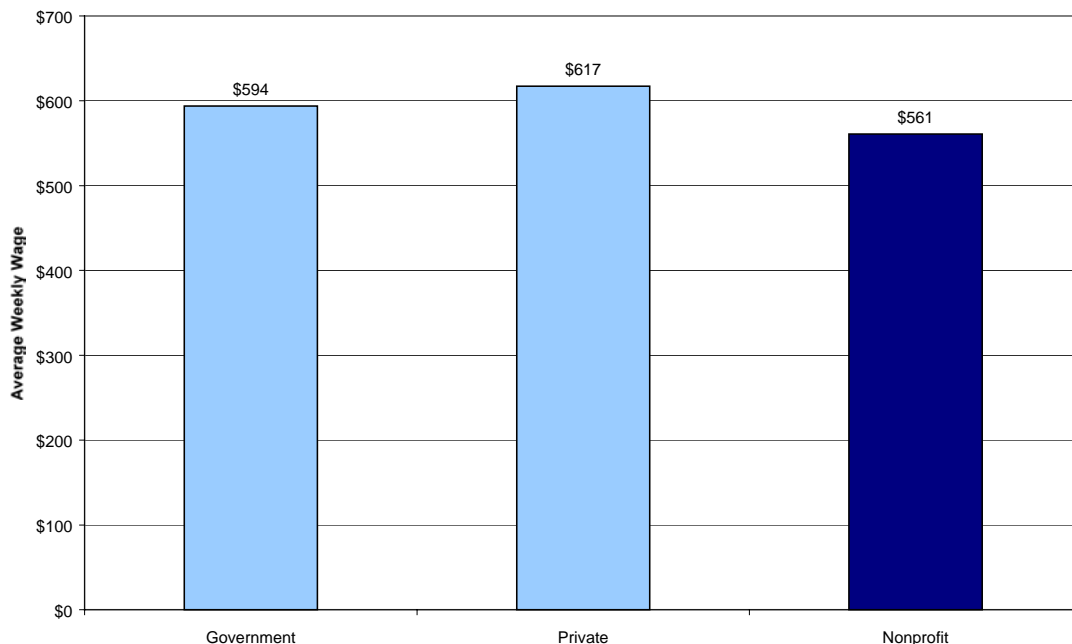
Construction (\$5.7 billion), and

Mining (\$0.4) billion.

Nonprofit Wages Compared

The average weekly wage of nonprofit employees in Missouri is 5.5 percent less than that of government employees and 9.1 percent less than that of employees of private firms.¹

Figure 3: Nonprofit, Private and Government Average Weekly Wages, FY 2001



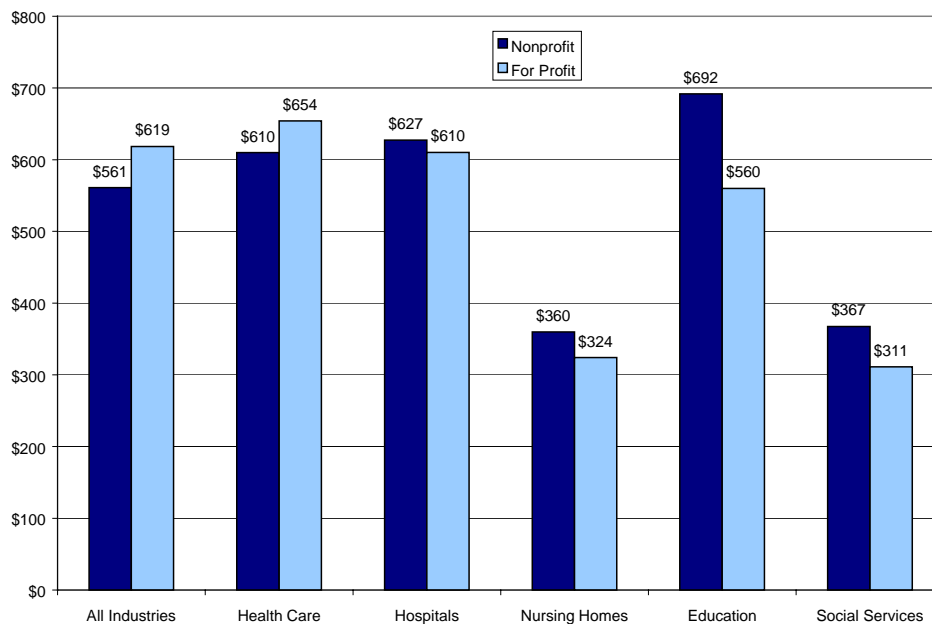
¹ All firms in the nonprofit sector appear in the nonprofit average weekly wage of \$561. These firms also appear in the other two figures, depending on ownership of the units. The matched ES-202 file did not include an ownership identifier, so a complete breakout was not possible.

Much of the gap disappears when comparing specific industries in which both nonprofits and for-profits are involved. Figure 4 shows that:

- In health care, employees in nonprofit hospitals and nursing homes earn more than those in for-profit businesses.
- In social services, nonprofit employees make 18% more than employees in the for-profit sector.
- In education, the difference is much larger. Employees of nonprofit employers make almost 24% more than their counterparts in for-profit institutions.²

Some of these differences may be due to the usage of part-time workers in either of the sectors, and may depend on the specific industry. Definitive conclusions about the use of part-time workers cannot be made using this data set.

Figure 4: Average Weekly Wages: Nonprofit vs. For-Profit, FY 2001



² As explained in the methodology section, for-profit education facilities include state universities and colleges which may not truly operate as for-profit entities.

Conclusion

The nonprofit sector not only represents a significant amount of the employment and wages in the state of Missouri, but also contributes to quality of life issues. Missourians have access to quality healthcare, education, job training, social activities, and recreation because of this important sector of our economy.

Unfortunately, this is not well understood by policy makers, the public, or the press. The sector is often overlooked for development and training efforts. Hopefully, the information presented here will allow efforts to be started and expanded to keep the nonprofit sector a healthy one for the state of Missouri.

Nonprofit Employment in Missouri by County and Comparison to Manufacturing & Construction FY 2001

County	Number of Non Profit Employees	Non Profit as % of County Employment	Manufacturing Employment	Construction Employment	Total Employment Number
Adair	1,036	9.7%	1,419	377	10,684
Andrew	211	8.9%	60	249	2,359
Atchison	114	5.9%	34	50	1,939
Audrain	1,236	11.4%	2,930	645	10,844
Barry	696	4.5%	6,835	576	15,455
Barton	280	5.2%	2,284	210	5,370
Bates	350	9.4%	332	178	3,715
Benton	83	2.6%	238	192	3,242
Bollinger	120	6.1%	359	139	1,971
Boone	5,258	6.9%	6,334	3,446	75,858
Buchanan	4,084	9.5%	8,195	2,525	43,188
Butler	447	2.5%	3,624	909	17,602
Caldwell	85	5.9%	51	157	1,437
Callaway	822	6.1%	1,907	686	13,541
Camden	1,068	6.6%	1,615	1,421	16,170
Cape Girardeau	4,664	11.7%	6,153	2,365	39,791
Carroll	180	6.7%	470	119	2,678
Carter	36	2.9%	237	50	1,252
Cass	732	3.9%	1,382	2,326	18,960
Cedar	357	11.6%	503	104	3,090
Chariton	76	3.5%	366	182	2,150
Christian	309	2.4%	2,614	1,355	12,706
Clark	40	2.6%	154	65	1,520
Clay	5,622	6.7%	15,688	3,972	84,090
Clinton	683	13.9%	284	245	4,901
Cole	3,517	6.7%	3,366	2,510	52,553
Cooper	241	4.5%	1,059	291	5,357
Crawford	238	4.0%	1,926	269	6,010
Dade	132	6.9%	190	58	1,918
Dallas	164	6.5%	185	140	2,523
Daviess	20	1.1%	369	102	1,898
DeKalb	79	2.9%	60	130	2,693
Dent	346	8.4%	632	138	4,136
Douglas	75	3.1%	756	70	2,414
Dunklin	551	5.4%	1,548	454	10,285
Franklin	1,759	5.1%	11,054	2,468	34,804
Gasconade	171	3.0%	1,875	321	5,724
Gentry	244	11.3%	N/A	58	2,165
Greene	18,659	13.2%	18,460	6,985	141,781
Grundy	440	11.4%	785	110	3,863
Harrison	241	8.9%	60	70	2,722
Henry	887	10.9%	1,931	297	8,106

Nonprofit Employment in Missouri by County and Comparison to Manufacturing & Construction FY 2001

County	Number of Non Profit Employees	Non Profit as % of County Employment	Manufacturing Employment	Construction Employment	Total Employment Number
Hickory	55	4.9%	94	115	1,123
Holt	157	11.5%	N/A	75	1,360
Howard	306	12.9%	327	97	2,364
Howell	1,953	13.1%	3,673	462	14,945
Iron	291	8.2%	631	47	3,543
Jackson	38,729	9.9%	41,669	21,532	390,350
Jasper	4,590	7.9%	12,785	1,714	57,806
Jefferson	2,927	6.9%	5,024	4,277	42,313
Johnson	854	6.0%	2,145	643	14,204
Knox	49	4.6%	98	28	1,062
Laclede	638	4.7%	5,513	475	13,612
Lafayette	689	7.5%	1,183	490	9,202
Lawrence	381	4.6%	1,570	519	8,219
Lewis	427	14.3%	448	119	2,990
Lincoln	251	2.9%	1,482	889	8,800
Linn	282	5.8%	1,911	71	4,847
Livingston	511	7.9%	1,161	326	6,440
McDonald	48	0.8%	2,723	266	5,813
Macon	133	2.7%	733	215	4,973
Madison	164	5.4%	585	137	3,064
Maries	20	1.4%	247	62	1,393
Marion	1,543	11.1%	3,007	751	13,847
Mercer	70	3.6%	N/A	36	1,963
Miller	104	1.5%	1,317	667	7,086
Mississippi	214	5.2%	466	214	4,085
Moniteau	292	6.7%	1,229	268	4,380
Monroe	221	7.9%	968	92	2,800
Montgomery	157	4.6%	753	305	3,424
Morgan	164	3.6%	785	335	4,520
New Madrid	271	3.3%	3,437	155	8,286
Newton	426	2.3%	5,005	772	18,750
Nodaway	235	2.7%	1,969	385	8,722
Oregon	85	3.8%	475	38	2,225
Osage	132	4.3%	1,088	207	3,062
Ozark	161	10.2%	221	68	1,586
Pemiscot	689	11.5%	939	102	5,969
Perry	651	7.5%	3,163	554	8,666
Pettis	632	3.3%	6,053	962	19,436
Phelps	1,959	12.1%	1,667	661	16,134
Pike	323	5.4%	769	296	5,982
Platte	1,037	3.0%	2,591	1,695	34,560
Polk	1,634	22.5%	685	328	7,264

Nonprofit Employment in Missouri by County and Comparison to Manufacturing & Construction FY 2001

County	Number of Non Profit Employees	Non Profit as % of County Employment	Manufacturing Employment	Construction Employment	Total Employment Number
Pulaski	535	5.1%	252	365	10,512
Putnam	18	1.7%	N/A	52	1,046
Ralls	111	4.1%	1,038	109	2,687
Randolph	412	4.3%	1,393	270	9,497
Ray	324	7.0%	635	250	4,601
Reynolds	92	5.8%	419	58	1,593
Ripley	68	2.7%	534	62	2,479
St. Charles	6,312	6.5%	14,393	9,501	96,811
St. Clair	262	11.6%	64	148	2,266
Ste. Genevieve	224	3.9%	1,757	423	5,706
St. Francois	1,685	8.6%	2,469	1,071	19,509
St. Louis County	59,527	9.2%	84,091	39,064	645,228
Saline	1,213	12.0%	2,679	323	10,110
Schuyler	50	6.8%	15	46	736
Scotland	40	3.1%	138	47	1,288
Scott	1,090	7.4%	2,100	755	14,645
Shannon	58	3.0%	792	18	1,905
Shelby	105	4.9%	527	168	2,155
Stoddard	426	4.2%	2,828	429	10,114
Stone	210	3.3%	288	757	6,422
Sullivan	123	4.4%	1,604	58	2,825
Taney	1,384	5.9%	724	1,590	23,634
Texas	376	6.1%	1,206	171	6,205
Vernon	322	4.3%	1,540	283	7,560
Warren	355	5.4%	1,882	474	6,612
Washington	309	6.9%	576	153	4,471
Wayne	70	2.9%	519	92	2,450
Webster	305	4.9%	1,395	396	6,257
Worth	19	4.2%	N/A	20	457
Wright	170	3.8%	859	175	4,525
St. Louis City	32,042	12.9%	34,542	8,262	248,712
Residual totals	517	1.2%	899	5,732	43,304
Total	229,555	8.6%	389,652	149,786	2,670,957

Report prepared by:

Holly C. Harber
Missouri Economic Research & Information Center
Missouri Department of Economic Development
Harry S. Truman Building, Room 580
Jefferson City, MO 65109
(573) 751-3595
<http://www.MissouriEconomy.org>